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Your Retirement...

PENSION & BENEFIT UPDATES FOR RETIREES OF THE ARIZONA STATE RETIREMENT SYSTEM

A Message from the ASRS Director, Paul Matson:

2011 ASRS Open Enrollment

Open Enrollment Period: October 25th – November 19th

Each year, the ASRS reviews its health benefits program carefully. Contracted medical and dental insurance plans are offered during open enrollment to retired and disabled members and to enrolled surviving beneficiaries from the five recognized state-wide public retirement systems and plans. Our first priority is to ensure that we offer quality health care programs that meet your needs, are easy to use, and provide broad access to health information and resources.

The annual ASRS open enrollment for calendar year 2011 begins on Monday, October 25 and continues through Friday, November 19. The effective date of your ASRS coverage is January 1, 2011. During this time, you have the annual opportunity to review your benefit selections, whether from the ASRS, your former employer, or through private insurance and make informed decisions about the coverage you wish to have for the coming calendar year.

A following article will specifically address the changes to each ASRS retiree health insurance plan. However, there are several overarching and undeniable factors that ASRS plans had to face as we negotiated with UnitedHealthcare for 2011 premiums and plans.

- The Center for Medicare and Medicaid Services (CMS), the federal agency that manages Medicare, lowered its revenue to insurance companies that offer Medicare Advantage HMO plans. The UnitedHealthcare Secure Horizons' MedicareComplete plan is such a plan.

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ASRS Retiree 2011 Medical Benefits

Retiree medical benefits plans currently offered to ASRS retired and disabled members will see changes beginning January 1, 2011. Complete details of all plan changes are provided in your 2011 Open Enrollment Guide. The premium and plan provision adjustments are focused to limit the impact on retirees. Please refer to the schedule of benefits detailed in the Guide to review the changes that occurred. Changes are in bold type.

In summary, the MedicareComplete HMO and the Medicare Senior Supplement plans added an annual out-of-pocket maximum benefit. The Senior Supplement plan eliminated the lifetime maximum of $2,000,000 and also added co-payments for some services.

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- The Senior Supplement plan experienced a 5% increase in its payment for professional (doctors and specialists) fees.
- The PacifiCare HMO plan for non-Medicare retirees is being terminated by UnitedHealthcare effective midnight, December 31, 2010, as part of United's final phase of integrating former PacifiCare health products with similar United products.
- Our Medicare enrolled population saw a 3.5% increase in its health care expense trend while our non-Medicare enrolled population experienced a 13.2% trend increase.
- Non-Medicare enrollments increased for both plans: HMO plan by 6.1% and PPO plan by 19.8%. As mentioned in past articles in ***Your Retirement***, non-Medicare enrollees have the highest claims cost. So, a dramatic increase in the number of non-Medicare enrollments would necessarily increase significantly the monthly premiums without drastic benefit adjustments.
- Prescription drug expenses increased across all plans. Brand name drugs expense increased by 9.3% while injectible drugs increased by 29.7%. Generic drug expense trend remains unchanged from 2009 to projected 2010.

In analyzing these factors one can readily see that revenue and reimbursement from Medicare was decreasing, yet claims expense trends were increasing.

ASRS has always dealt with PacifiCare / UnitedHealthcare in an atmosphere of trust and good faith and we believe that United has reciprocated. We have been at the bargaining table for almost 4 ½ months analyzing data, trends, ratios, expenses and revenues. We recognize that from your perspective, any change to your coverage that increases premiums and changes benefit limits would be viewed negatively. But there are benefit improvements in each plan that help mitigate some of the increases. You are encouraged to review the articles in this edition of ***Your Retirement*** to learn more about your ASRS retiree health insurance plans.

Presentations have been scheduled throughout Arizona from October 25 to November 19, 2010, with the ASRS Member Services Division and representatives of UnitedHealthcare, Assurant, ScriptSave and SilverSneakers Fitness Program to discuss their health insurance & benefits programs. Refer to the ASRS website or the enclosed 2011 ASRS Open Enrollment Guide for locations, dates & times. ■

Assurant Dental Lowers Premiums for 2011

Assurant Employee Benefits, the provider of dental plans for ASRS retirees and eligible dependents, has been awarded a new five-year contract. The current contract with Assurant Employee Benefits expires December 31, 2010. The new contract is effective January 1, 2011. Assurant has been providing dental coverage to ASRS retirees for over 10 years and believes that you will appreciate the high priority they place on serving your dental needs.

Dental rates for 2011 will be reduced for the Freedom Advance, Freedom Basic and non-Arizona Prepaid plans. The prepaid Arizona plan premiums remain unchanged. And all plan provisions remain the same! Assurant has guaranteed these changes for 2011, 2012 and 2013. See the 2011 ASRS Open Enrollment Guide for the new reduced premiums and additional information on the dental program. Please take a moment to familiarize yourself with this information for your choice of dental coverage options. After reviewing these pages, if you have questions, please contact Assurant's dedicated Customer Care at 800-442-7742. ■

ASRS Retiree 2010 Medical Benefits... *continued from page one*

The non-Medicare HMO and Choice Plus PPO plans will be replaced by the UnitedHealthcare Choice (in-network only) open access plan which is available throughout Arizona. This plan is similar to an HMO plan in that benefits are generally provided through co-payments rather than through co-insurance amounts and similar to a PPO plan in that retirees may access any provider in the network rather than requiring a Primary Care Physician to direct all medical care. Also, the provider networks in the UnitedHealthcare Choice plan are identical to the networks offered in the Choice Plus PPO plan. As a result, Choice Plus PPO plan enrollees will be able to keep their current contracted UnitedHealthcare provider in the Choice plan. The new Choice plan eliminates the $500 annual deductible, reduces the out-of-pocket maximum for a family, and prescription drug co-payments are adjusted.

Prescription co-payment adjustments resulted in generic drug reductions and brand drug increases. Tier co-payments were added for non-preferred brand name and specialty medications. With about 70% of non-Medicare retirees using generic drugs, the co-payment reduction significantly benefits many retirees.

Non-Medicare retirees who reside out of Arizona will continue to participate in UnitedHealthcare's Choice Plus PPO plan. Like other in-state non-Medicare retirees, prescription drug co-payments will be modified effective January 1, 2011.

The chart below shows, by plan, new single coverage monthly premiums effective January 1, 2011. Generally, family premiums remain twice the single rate.

UnitedHealthcare Premiums – Single Coverage Only:

	Current:	New:
Medicare Plans		
Senior Supplement	$342	$342
Medicare Complete-Urban	$158	$190
MedicareComplete-Rural	$230	$260
Non-Medicare Plan		
HMO*	$498	$583*
PPO Plan – Urban*	$662	$583*
PPO Plan – Rural*	$448	$583*
ChoicePlus PPO Plan (Out-of-state)	$700	$817

**All non-Medicare retirees within Arizona will have the UnitedHealthcare Choice (in-network only) plan in which they may enroll.*

ADOA Open Enrollment Changes

Enrollment & Plan Year Changing

ADOA's open enrollment for their enrolled retired members will be November 1 through November 19, 2010. Current benefit coverage will be extended through December 31, 2010. ADOA's plan year is also changing to match ASRS's: January 1, 2011 through December 31, 2011. Any benefit or premium changes will become effective January 1, 2011. Future plan years will remain on a calendar year basis.

The 2011 ASRS Open Enrollment Guide includes a special section discussing the Arizona Department of Administration's retiree health care plans and premiums so that eligible retirees may see a side-by-side comparison of the coverages being offered by both programs. ■

Terminating Your Medicare Eligible ASRS Medical Plans

If you are enrolled in either of the two ASRS Medicare plans, MedicareComplete or Senior Supplement, and you wish to cancel your coverage, you must complete and sign a UnitedHealthcare Disenrollment Form. This form requests that your health care coverage revert back to the original Medicare fee-for-service program. The effective date will be the first day of the month following receipt of the Disenrollment Form, unless a future date is requested.

The Disenrollment Form must be completed and signed by all Medicare eligible retirees and/or dependents who are currently enrolled and who will be terminating coverage. Members can also write a letter to cancel coverage as long as it is signed by all Medicare eligible members. ■

Non-Medicare HMO Plan Changes

Effective January 1, 2011 the non-Medicare HMO plan will change from the PacifiCare SignatureValue HMO plan to the UnitedHealthcare Choice plan. Along with the plan and name change, there is also a change in contracted providers. Contracted providers are now under the UnitedHealthcare Choice provider network. The majority of retirees and dependents will not have to change physicians as there is a large overlap in providers. However, some retirees will need to select new providers because some providers are only contracted under the PacifiCare SignatureValue provider network.

If you are currently enrolled in the non-Medicare HMO plan, you do not have to complete a 2011 Open Enrollment form for this change to take place. Your current enrollment in the PacifiCare non-Medicare HMO plan will automatically switch over to the UnitedHealthcare Choice plan effective January 1, 2011. If you wish to decline enrollment in the Choice plan, please submit an enrollment form declining medical coverage in the return envelope provided.

Non-Medicare retirees and dependents will no longer be required to have a Primary Care Physician (PCP) for 2011 on the UnitedHealthcare Choice plan. In the past, it was required to choose a PCP from contracted Internal Medicine, Family Practice or General Practice providers on the PacifiCare SignatureValue HMO plan. Access to the majority of contracted specialists required a referral from the PCP. On the 2011 UnitedHealthcare Choice plan, non-Medicare HMO retirees and dependents will have direct access to all contracted physicians and providers without the need of a PCP referral. The expansion of providers and the elimination of the gatekeeper PCP will give non-Medicare retirees and dependents more choice and freedom than before.

To locate a provider in the UnitedHealthcare Choice network, log onto **www.uhc.com.** On the top of the page click on "Find a Physician". On the next page under General Directory, click on the type of provider: Find a Physician, Find a Hospital or Healthcare Facility or Find a Mental Health Clinician or Facility. This will take you to **www.geoaccess.com**. Again, select your type of provider and click Continue. On the next page, select your search type in #1, and in #2 "Select a Plan", in the drop down box, select "UnitedHealthcare Choice". Next select one of the optional searches in #'s 3, 4, or 5 before clicking Continue. Finally, Select a Physician Specialty and click Continue. Your Physician Search Results will list 10 providers per page with the provider's name, address, phone number and much more.

Members may also call UnitedHealthcare Customer Service at 800-509-6729 to check to see if their provider is a participating Choice plan provider. ■

Non-Medicare In-State PPO Plan Changes

Effective January 1, 2011, the in-State non-Medicare UnitedHealthcare Choice Plus PPO plan will change to the UnitedHealthcare Choice plan.

If you are currently enrolled in the Choice Plus PPO plan, you do not have to complete a 2011 Open Enrollment form for this change to take place. Your current enrollment in the UnitedHealthcare Choice Plus PPO plan, will automatically switch over to the UnitedHealthcare Choice plan effective January 1, 2011. If you wish to decline enrollment in the Choice plan, please submit an enrollment form declining medical coverage in the envelope provided.

Unlike the Choice Plus PPO plan, there is no out-of-network benefit. The Choice plan is an in-state, in-network plan only. However, out-of-network services for emergency and urgent care (unforeseen) will be covered under the new plan effective January 1, 2011.

This plan is similar to an HMO plan in that benefits are generally provided through co-payments rather than through co-insurance amounts and similar to a PPO plan in that retirees may access any provider in the network rather than requiring a Primary Care Physician to direct all medical care. Also, the provider network for the UnitedHealthcare Choice plan is identical to the network offered in the Choice Plus PPO plan. As a result, you can keep your doctor.

The new Choice plan also eliminates the $500 annual deductible and reduces the out-of-pocket maximum for a family. ■

Reminder: Dependent Child Coverage Extended to Age 26

Effective January 1, 2011, dependents up to age 26 will be allowed to enroll on their parents' health insurance plan, regardless of student status. Normally, dependents over age 19 are not covered unless they are full-time students. Coverage is now offered to children up to age 26 (actually, to the end of month in which the child attains age 26) whether or not the child qualifies as the retiree's tax dependent and who are not eligible for coverage under another employer's plan. If your child is eligible for insurance coverage through the child's employer, your child is not eligible for coverage on your plan. The child does not have to be living at home, does not have to be in school, does not have to rely on the parent for support and maintenance per tax guidelines, and may even be married. However, there is no requirement that coverage be extended to your child's spouse and children, if applicable. ■

Pension Summary Statements Available Electronically

Did you know that your monthly benefit summary statements are available online, in the secure area of the ASRS website? You can view them anytime and print them out if you need them.

Beginning January 2011, the ASRS will no longer routinely mail monthly direct deposit summary notices to retirees. Instead, retirees receiving monthly summary statements in the mail now will continue to receive statements in the mail only as follows:

- When a change in your net benefit amount occurs. This likely will happen two to three times a year when:
  1. Tax withholdings (state or federal) change (generally in January for federal tax, February for state tax).
  2. Health insurance deductions change.
  3. The member exercises a change that affects the benefit amount.
- In December, when a year-end statement will be mailed.

This change is expected to save the ASRS more than $300,000 per year in printing and mailing costs.

If you are currently receiving monthly benefit summary statements, you can help the ASRS save even more by going completely paperless.

To go paperless, log on to the secure section of the ASRS website and select the "opt out" option. To get started, go to www.azasrs.gov and click on the My ASRS Login button located toward the bottom of our homepage. Once logged in, select "Payment Information" on the left navigation bar, and scroll down until you see "View/Update Direct Deposit" and select the "opt out" option.

If you are not receiving your benefit by direct deposit, you can also sign up to do so. It's a safe, fast and secure way to receive your monthly benefit. ■

ASRS Retiree Health Insurance Premium Benefits

The ASRS will provide a monthly payment toward your health insurance premium if you are enrolled in an ASRS or participating employer medical and/or dental insurance plan. Depending on your years of credited service, whether you have elected single or family coverage, and whether you or a covered family member is Medicare eligible, the ASRS will provide financial assistance that will pay a portion of your monthly retiree health insurance premium.

The chart below reflects the monthly basic premium benefit available for you and your dependents.

	WITHOUT MEDICARE		WITH MEDICARE A & B		COMBINATIONS	
Years of Service	Retiree Only	Retiree & Dependents	Retiree Only	Retiree & Dependents	Retiree & Dependents One with Medicare, the other(s) without	Retiree & Dependent with Medicare, other dependents without
5.0–5.9	$75.00	$130.00	$50.00	$85.00	$107.50	$107.50
6.0–6.9	$90.00	$156.00	$60.00	$102.00	$129.00	$129.00
7.0–7.9	$105.00	$182.00	$70.00	$119.00	$150.50	$150.50
8.0–8.9	$120.00	$208.00	$80.00	$136.00	$172.00	$172.00
9.0–9.9	$135.00	$234.00	$90.00	$153.00	$193.50	$193.50
10.0+	$150.00	$260.00	$100.00	$170.00	$215.00	$215.00

7 Million Americans Reached Medicare's Donut Hole *... did you?*

The Medicare Part D coverage gap, informally known as the Medicare doughnut hole, is the difference between the initial coverage limit ($2,830 for 2010) and the catastrophic coverage threshold ($4,550 for 2010). After a Medicare beneficiary passes the initial coverage limit during 2010, the Medicare beneficiary is financially responsible for the entire cost of prescription drugs until on-going expenses reach the catastrophic coverage threshold. The initial coverage limit is reached when your total drug expenditures, what you pay plus what the plan also pays for your prescription medications, reaches $2,830 during the 2010 calendar year.

The Patient Protection and Affordable Care Act signed into law March 23, 2010 makes several changes to Medicare Part D to reduce out-of-pocket costs when you reach the doughnut hole, including:

- In 2010, if you have expenses in the coverage gap, you may have received a $250 rebate from Medicare. On June 10, 2010, the federal government began sending out the first round of $250 rebate checks to help eligible Medicare Part D enrollees pay for their prescription drugs.
- In 2011, you will be responsible for 93% of the cost of generic drugs when in the coverage gap and about 50% of the cost of most brand name drugs.
- By 2020, the doughnut hole will be completely closed as Medicare will phase in additional discounts on the cost of both brand and generic drugs over the next eight years. These changes will effectively close the coverage gap and rather than paying 100% of the costs, your responsibility will remain 25% of the costs.

ASRS enrolled MedicareComplete members have comprehensive prescription drug coverage and, as a result, do not have a coverage gap in their drug plan. ASRS enrolled Senior Supplement members may experience the doughnut hole through their drug plan if their total drug expenditures reach $2,830 in 2010. ■

8 Ways to Share in Medical Decisions

1. **Let your doctor know what you want.** Tell your doctor that you want to help make decisions about what to do for your health problems.

2. **Do your own research.** Sometimes you need to learn things on your own before you can fully understand what your doctor is saying.

3. **Ask "why?"** Always ask "why?" before agreeing to any medical test, medication, or treatment. Asking why may help you discover another option that better meets your needs.

4. **Ask about alternatives.** Learn enough to understand the options your doctor thinks are feasible.

5. **Consider watchful waiting.** Ask your doctor if it would be risky or costly to wait a while (day, week, month) before treatment.

6. **State your preferences.** Tell your doctor if you prefer one option over another based on your personal desires and values.

7. **Compare expectations.** Tell your doctor what you are expecting from the treatment and ask if that is realistic. If appropriate, discuss side effects, pain, recovery time, long-term limitations, etc.

8. **Accept responsibility.** When you make shared decisions with your doctor, both of you must accept responsibility for the outcome. ■

ScriptSave Prescription Savings for 2010 so far!

Prescriptions filled:
9,590

Total dollars saved by ASRS Cardholders:
$127,000

Average saved per discounted prescription:
$18.95

Discounted prescription savings:
30.66%

ScriptSave Prescription Drug Savings Card

You and your family can receive valuable savings on your prescriptions by using the ScriptSave Prescription Drug Discount Card. The card is available at no cost, and you are eligible for a card even if you have not enrolled in a medical insurance plan with the ASRS. As a cardholder, you can receive access to free health and wellness information, as well as valuable savings and coupons on both prescription and over-the counter medications. More than 53,000 participating pharmacies nationwide accept the card. The ScriptSave card also works for you whether or not you enroll in a Medicare Part D plan.

If you are not enrolled in Medicare Part D, use the Scriptsave card for savings on both brand name and generic prescriptions for you and everyone in your household.

If you are enrolled in Medicare Part D, use the ScriptSave card for prescriptions that are excluded by Medicare Part D. The card can also be used for everyone in your household!

See the 2011 ASRS Open Enrollment Guide to sign up and start saving today.

DISCOUNT ONLY – NOT INSURANCE. This program is not an insurance policy and does not provide insurance coverage. Discounts are available exclusively through participating pharmacies.

Working After Retirement

As a retired member of the ASRS receiving a monthly benefit, you should be aware that there are restrictions that could affect your status should you decide to return to work for an ASRS member employer.

As a general rule, if an ASRS retiree accepts a position agreeing to work, or actually does work, 20 or more hours per week for 20 or more weeks in a fiscal year for an ASRS employer – referred to as the 20/20 rule – your pension will be suspended and you will be required to repay pension funds received after the additional work, even if working over the 20/20 rule was unintentional.

There are some exceptions to this general rule:

- Returning to work with reduced hours
- Returning to work after 12 months if you are at normal retirement.
- Returning to work and participating in another state retirement plan
- Returning to work in a position that is not included under the employer's Social Security coverage agreement

The ASRS has put together a Working After Retirement guideline, which is posted on our website, **www.azasrs.gov,** located under the Retirees section. If you are retired and plan to return to work with an ASRS participating employer, please review these guidelines, discuss your return with your prospective employer, or feel free to contact the ASRS for additional information. ■